Persta Resources Inc.

(incorporated under the laws of Alberta with limited liability)

(Stock Code: 3395)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTH ENDED JUNE 30, 2017

SELECTED PRODUCTION AND FINANCIAL HIGHLIGHTS: FIRST HALF 2017 COMPARED TO FIRST HALF 2016

	Six months ended June 30,		Increase/
	2017	2016	**(Decrease)**
	C$	*C$*	%
Revenue from crude oil and natural gas sales	**12,170,445**	8,384,603	45.2
Operating Netback *(Note 1)*	**7,090,246**	5,089,330	39.3
Adjusted EBITDA *(Note 2)*	**3,976,987**	3,813,590	4.3
Loss and total comprehensive loss for the period attributable to owners of the Company	**(7,199,125)**	(3,653,242)	97.1
Loss per share	**(0.03)**	(0.02)	
Total production volume (Boe)	**607,118**	542,496	11.9
Daily average production volume (Boe/d)	**3,354**	2,981	12.5

Note 1: Operating Netback is defined as revenue less royalties and operating costs. Operating Netback is a non-IFRS financial measure.

Note 2: Adjusted EBITDA is earnings before deduction of finance expenses, income taxes, depletion and depreciation, impairment losses and write-offs, transaction costs and share-based compensation. Adjusted EBITDA is a non-IFRS financial measure.

The board (the "**Board**") of directors (the "**Directors**") of Persta Resources Inc. ("**Persta**" or the "**Company**") hereby announces the unaudited interim results of the Company for the six months ended June 30, 2017 as follows:

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2017

(Expressed in Canadian dollars)

	Note	**As at June 30, 2017 *C$* (Unaudited)**	As at December 31, 2016 *C$* (Audited)
ASSETS			
Current assets			
Cash and cash equivalents		**18,722,842**	3,966,154
Accounts receivable	*3*	**1,874,482**	3,228,055
Prepaid expenses, deposits and deferred financing costs		**1,293,997**	1,385,198
		21,891,321	8,579,407
Non-current assets			
Investments	*4*	**3,333,500**	—
Exploration and evaluation assets		**18,667,778**	14,562,811
Property, plant and equipment		**66,295,656**	68,288,825
		88,296,934	82,851,636
Total assets		**110,188,255**	91,431,043
LIABILITIES AND TOTAL EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	*5*	**6,639,905**	3,457,229
Decommissioning liabilities		**207,490**	—
		6,847,395	3,457,229
Non-current liabilities			
Bank loan		**22,557,064**	35,055,200
Decommissioning liabilities		**1,653,038**	1,708,047
		24,210,102	36,763,247
Total liabilities		**31,057,497**	40,220,476

	Note	As at June 30, 2017 C$ (Unaudited)	As at December 31, 2016 C$ (Audited)
Total equity			
Share capital		**204,366,683**	169,247,367
Accumulated deficit		**(125,235,925)**	(118,036,800)
Total equity		**79,130,758**	51,210,567
Total liabilities and total equity		**110,188,255**	91,431,043

CONDENSED INTERIM STATEMENT OF LOSS AND OTHER COMPREHENSIVE LOSS

For the six months ended June 30, 2017

(Expressed in Canadian dollars)

		Six months ended June 30,	
		2017	2016
	Note	***C$***	*C$*
		(Unaudited)	(Unaudited)
Revenue from crude oil and natural gas sales	*6*	**12,170,445**	8,384,603
Royalties		**(1,806,701)**	(560,311)
Net revenue		**10,363,744**	7,824,292
Operating costs		**(3,273,498)**	(2,734,962)
General and administrative costs		**(3,123,289)**	(1,279,421)
Depletion and depreciation		**(3,501,167)**	(3,056,280)
Direct write-offs of exploration and evaluation assets		**(273,969)**	(450,061)
Direct write-offs of property, plant and equipment		**(38,607)**	—
Share-based compensation		**—**	(221,332)
Profit from operations		**153,214**	82,236
Other income		**10,030**	3,681
Transaction costs		**(3,003,350)**	(2,083,893)
Finance expenses		**(4,359,019)**	(1,655,266)
Loss before income taxes		**(7,199,125)**	(3,653,242)
Income taxes	*8*	**—**	—
Loss and total comprehensive loss for the period attributable to owners of the Company		**(7,199,125)**	(3,653,242)
Loss per share	*9*		
Basic and diluted		**(0.03)**	(0.02)

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2017

(Expressed in Canadian dollars unless otherwise indicated)

1 CORPORATE INFORMATION

Persta Resources Inc. ("**Persta**" or the "**Company**") was incorporated in Calgary, Alberta, Canada under the Business Corporations Act (Alberta) in 2005. Persta is an exploration and development company pursuing petroleum and natural gas production and reserves in Alberta, Canada. The Company's registered office is located at 1600, 421-7th Avenue SW, Calgary, Alberta T2P 4K9, Canada and head office is located at #2717, 308-4th Avenue SW, Calgary, Alberta T2P 0H7, Canada. The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on March 10, 2017 pursuant to an initial public offering and trades under the stock code of "3395".

2 BASIS OF PREPARATION

The interim financial information set out in this announcement does not constitute the unaudited condensed interim financial statements of the Company for the six months ended June 30, 2017 but is extracted from those unaudited condensed interim financial statements which have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with International Accounting Standard ("**IAS**") 34, Interim financial reporting, issued by the International Accounting Standards Board. The unaudited interim financial information was authorised for issue on August 30, 2017.

3 ACCOUNTS RECEIVABLE

	As at June 30, 2017	As at December 31, 2016
	C$	*C$*
Trade receivables	**1,874,482**	3,069,420
Other receivable		
— Amount due from JLHY *(note)*	**—**	156,283
— Others	**—**	2,352
	1,874,482	3,228,055

Note: As at December 31, 2016, the amount due from Ji Lin Hong Yuan Trade Group Limited ("**JLHY**") was attributable to the settlement of withholding tax on behalf of JLHY by the Company. The amount was non-trade in nature, unsecured, non-interest bearing and due on demand, which was fully settled in February 2017.

Aging analysis of trade receivables

As at June 30, 2017 and December 31, 2016, the aging analysis of trade receivables (included in accounts receivable), based on the invoice date (or date of revenue recognition, if earlier) and net of allowance for doubtful debts, is as follows:

	As at June 30, 2017 *C$*	As at December 31, 2016 *C$*
Within 1 month	**1,859,617**	3,054,555
1 to 2 months	**—**	428
2 to 3 months	**—**	—
Over 3 months	**14,865**	14,437
	1,874,482	3,069,420

Trade receivables are to be collected within 25 days from the date of billing.

4 INVESTMENTS

	As at June 30, 2017 *C$*	As at December 31, 2016 *C$*
Investments	**3,333,500**	—

The Company holds a Guaranteed Investment Certificate ("**GIC**") amounting to C$3,223,500 that is in place as a security against a C$3,223,500 irrevocable standby letter of credit for the construction of the necessary facilities related to the Company's Dismal Creek South Meter Station. This GIC is for a period of one year from the date of issuance on March 15, 2017 and carries a 0.45% interest per annum. The irrevocable standby letter of credit expires on March 16, 2018 provided that the expiration date in effect at any time shall automatically extend for one year thereafter unless terminated. The letter of credit will remain in place until the completion of the construction of the facilities related to the meter station which is expected to be July 2018.

The Company also holds a GIC amounting to C$110,000 that is in place as a security against a C$110,000 irrevocable letter of credit for transportation services. This GIC is for a period of one year from the date of issuance on January 5, 2017 and carries a 0.45% interest per annum. The irrevocable standby letter of credit expires on January 5, 2018 provided that the expiration date in effect at any time shall automatically extend for one year thereafter unless terminated. The letter of credit will remain in place for the duration of the transportation services.

5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at June 30, 2017	As at December 31, 2016
	C$	*C$*
Trade payables	**389,788**	921,300
Accrued liabilities	**4,753,188**	1,511,302
Accrued compensation for independent non-executive Directors per Phantom Unit Plan *(Note)*	**245,736**	140,000
Subtotal	**5,388,712**	2,572,602
Other payables	**1,251,193**	884,627
Total	**6,639,905**	3,457,229

All accounts payable are expected to be settled within one year or are payable on demand.

Aging analysis of trade payables and accrued liabilities

As at June 30, 2017 and December 31, 2016, the aging analysis of trade payables and accrued liabilities (included in accounts payable and accrued liabilities), is as follows:

	As at June 30, 2017	As at December 31, 2016
	C$	*C$*
Within 1 month	**4,495,831**	1,394,933
1 to 3 months	**749,515**	1,169,331
Over 3 months but within 6 months	**143,366**	8,338
	5,388,712	2,572,602

Note: The accrued compensation for independent non-executive Directors per Phantom Unit Plan will be accrued quarterly and paid on the "Redemption Date" as set out in the Phantom Unit Plan.

6 REVENUE

The amount of each significant category of revenue recognized for the six months ended June 30, 2017 and 2016 is as follows:

	Six months ended June 30, 2017 C$	2016 C$
Sales of natural gas, Natural Gas Liquids ("**NGLs**") and condensate	**11,494,634**	8,016,727
Sales of crude oil	**675,811**	367,876
	12,170,445	8,384,603

7 PERSONNEL COSTS AND REMUNERATION POLICY

Personnel costs incurred during the six months ended June 30, 2017 and 2016 were as follows:

	Six months ended June 30, 2017 C$	2016 C$
Personnel costs		
Salaries, wages and other benefits	**1,594,360**	655,735
Retirement benefits contribution	**24,322**	21,173
Share-based compensation	**—**	221,332
	1,618,682	898,240

The Company's remuneration and bonus policies are determined by the performance of individual employees.

The emolument of the Directors are recommended by the Remuneration Committee of the Company, having regard to the Company's operating results, the Directors' duties and responsibilities within the Company and comparable market statistics.

Phantom Unit Plan for independent non-executive Directors

The Company has in place a Phantom Unit Plan for its independent non-executive Directors effective March 10, 2017. In order for the eligible directors to receive phantom units, they need to complete a participation form prior to the commencement of each fee period (i.e. twelve-month period commencing January 1 and ending on December 31). For 2016 and 2017, each eligible Director agreed in writing to receive 60% of their fees (i.e. the designated percentage) relating to future services as a director in the form of phantom units under the Phantom Unit Plan.

During the six months ended June 30, 2017, the Company accrued C$105,735 of Directors' compensation per the Phantom Unit Plan. As at June 30, 2017, the accrued compensation for independent non-executive Directors per the Phantom Unit Plan was C$245,736.

8 INCOME TAXES

The provision for income taxes differs from the result that would have been obtained by applying the combined federal and provincial tax rates to the loss before income taxes. The difference results from the following items.

	Six months ended June 30,	
	2017	2016
	C$	*C$*
Loss before income taxes	**(7,199,125)**	(3,653,242)
Combined Federal and Provincial tax rate	**27%**	27%
Expected tax benefit	**(1,943,764)**	(986,375)
Increase/(decrease) in taxes resulting from:		
— Non-deductible expenses	**398**	61,987
— Change in unrecognized deferred tax assets	**1,943,617**	925,164
— Change in enacted tax rate and others	**(251)**	(776)
Income tax expense	**—**	—

During the six months ended June 30, 2017, the blended statutory tax rate was 27% (2016: 27%).

The components of unrecognized deferred tax assets are as follows:

	As at June 30, 2017	As at December 31, 2016
Deferred tax assets have not been recognized in respect of the following temporary differences:		
Property, plant and equipment ("**PP&E**") and exploration and evaluation ("**E&E**") assets	**18,129,745**	24,114,130
Decommissioning liabilities	**1,860,529**	1,708,048
Share issue costs	**7,356,157**	—
Non-capital losses and other	**8,686,140**	—
Total	**36,032,571**	25,822,178

At June 30, 2017, the Company has approximately C$119.5 million of tax deductions, which include loss carry forwards of approximately C$8.7 million that will expire in 2037.

9 LOSS PER SHARE

The calculation of basic loss per share is based on the loss of C$7,199,125 and C$3,653,242 attributable to the owners of the Company for each of the six months ended June 30, 2017 and 2016 respectively and is calculated as follows:

	Six months ended June 30,	
	2017	2016
Weighted average number of common shares	***Number of shares***	*Number of shares*
At the beginning of the period	**208,706,520**	206,495,226
Effect of new shares issued	**43,439,448**	2,098,497
At the end of the period	**252,145,968**	208,593,723
Loss and total comprehensive loss for the period	**(7,199,125)**	(3,653,242)
Loss per share		
Basic and diluted	**(0.03)**	(0.02)

On April 29, 2016, the Company completed a re-designation of Class A common shares as common shares, a conversion of all Class B and Class C common shares for common shares on a 1:1 basis, and a share split of the issued and outstanding shares on the basis of every one common share for two common shares.

There were no dilutive potential common shares for the six months ended June 30, 2017 and 2016 due to the loss and therefore, diluted loss per share is the same as basic loss per share.

10 DIVIDEND

The Board did not approve the payment of an interim dividend for the six months ended June 30, 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

The Company was incorporated in Calgary, Alberta, Canada under the Business Corporations Act (Alberta) in 2005. Persta is an exploration and development company pursuing petroleum and natural gas production and reserves in Alberta, Canada. Persta focuses on long-term growth through acquisition, exploration, development and production in the Western Canadian Sedimentary Basin ("**WCSB**"). The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on March 10, 2017 (the "**Listing Date**") pursuant to an initial public offering and trades under the stock code of "3395". The Company is currently pursuing an application to become a reporting issuer in Alberta, Canada with the Alberta Securities Commission.

Persta commenced operations on March 11, 2005 with the objective of building a successful Canadian natural gas and crude oil exploration, development and production company with a long-term business strategy. The Company acquired its first 6,400 net acres of land in an area in the WCSB in January 2007 known as the Alberta Foothills and drilled and commercially produced liquids-rich natural gas from the Company's first deep well in this area in December 2008. Since then, the Company's natural gas and crude oil production rate has organically grown and reached an average production of 3,354 Boe/d for the six months ended June 30, 2017. As at June 30, 2017, the Company held 115,968 net acres of land in the WCSB, which the Company intends to explore through drilling in locations listed in the Company's multi-year inventory.

Presently, the Company has three core areas of operations:

- Alberta Foothills, which includes natural gas properties in the five areas of Basing, Voyager, Kaydee, Columbia and Stolberg. Basing is partially developed whilst Voyager, Kaydee, Columbia and Stolberg are undeveloped;

- Deep Basin Devonian, which includes undeveloped natural gas properties in Hanlan-Peco in West Alberta; and

- Peace River, which includes light oil properties in the Dawson area which is partially developed.

The Company's long-term business strategy is to increase shareholder value by continuing to exploit and develop its oil and natural gas asset base in the three core exploration and production areas to increase its reserves, production and cash flows. The Company believes that it has a number of key strengths that will help the Company to execute its long-term business strategies, which include:

- economics and quality of resource base;

- size of resources within the Company's acreage land position;

- location of resources and market access;

- holding sole operating control and land ownership; and

- an experienced management and technical team with a strong industry track record.

Operational Highlights

For the six months ended June 30, 2017, the Company achieved progress in the following areas:

- Acquired a total of 1,920 acres of land in the Alberta Foothills areas with 100% working interest to further expand the Company's land position in core areas.

- Drilled one new well with a total depth of 4,386 metres and discovered natural gas resources in the Voyager area.

- Completed the workover of an existing well to improved its performance and production.

- Initiated Front End Engineering Design (FEED) for proposed future gas gathering and processing facilities.

Results of Operations

Project Development and Production Volume

There are three phases in the Company's operations, comprising the exploration phase, the development phase and the production phase. During the exploration phase, the Company conducts geological and geophysical studies combined with seismic mapping to propose drilling locations which might generate natural gas and crude oil prospects on the undeveloped land the Company has acquired. As at December 31, 2016, as estimated by GLJ Petroleum Consultants Ltd. ("**GLJ**"), the Company's land held 77 possible drilling locations.

During the development and production phases, the Company's production volumes largely depend on its drilling and production schedule. There were 5 natural gas producing wells both as at June 30, 2017 and 2016. Due to the recovery of market prices, the Company increased the production volume of natural gas, NGLs and condensate are the by-products from the production of natural gas and their production volumes increased accordingly.

Price forecasts may directly affect the production volume of the Company. Producing wells may be shut in due to economic limit considerations and the production plan may be delayed or scaled down should there be unfavourable prices on the natural resources. The number of crude oil wells in production increased from 1 during the six months ended June 30, 2016 to 3 during the six months ended June 30, 2017 mainly due to the recovery of the market price of crude oil since the second half of 2016, and the production volumes of crude oil increased accordingly.

For the six months ended June 30, 2017, the Company's total production volume increased by 64,622 Boe to 607,118 Boe compared to 542,496 Boe for the same period in 2016.

The following table shows the number of producing wells and production volume for the Company's natural gas, crude oil, NGLs and condensate for the six months ended June 30, 2017 and 2016:

	Six months ended June 30,		
	2017	2016	Change
Natural gas			
Producing wells	**5**	5	0.0%
Production volume (Mcf)	**3,409,868**	3,055,797	11.6%
Crude oil			
Producing wells	**3**	1	200.0%
Production volume (Bbl)	**11,739**	8,553	37.3%
NGLs and Condensate (by-product of natural gas)			
Producing wells	**5**	5	0.0%
Production volume (Bbl)	**27,068**	24,644	9.8%
Total			
Producing wells	**8**	6	33.3%
Production volume (Boe)	**607,118**	542,496	11.9%

Average Sales Price

The Company mainly sells its natural gas, natural gas related products (NGLs and condensate) and crude oil products to gas and oil trading companies or companies involved in gas and oil trading. The selling price of its natural gas benchmarks to Canadian Gas Price Reporter, which is also known as the Alberta Energy Company natural gas price ("**AECO natural gas price**"), while the natural gas related products (NGLs and condensate) and crude oil products benchmark to the Edmonton light, sweet crude oil commodity price. During the six months ended June 30, 2017, the Company also had in place one-year (January 1, 2017 to December 31, 2017) sales agreements to forward sell its natural gas at a specified price and volume. These sales values accounted for 63.6% of the Company's total revenue from crude oil and natural gas sales for the six months ended June 30, 2017 compared with 50.8% for the same period in 2016. The sales of remaining production accounted for 36.4% of its total revenue from crude oil and natural gas sales for the six months ended June 30, 2017, compared with 49.2% for the same period in 2016 were sensitive to the respective market price movements.

The following table shows the average market prices and average sales prices for the Company's natural gas, crude oil, NGLs and condensate and the average realized price and forward sales price for the Company's natural gas for the six months ended June 30, 2017:

	Six months ended June 30,		
	2017	2016	Change
	C$	*C$*	*%*
Natural gas			
Average market price (C$ per Mcf) *(Note 1)*	**2.81**	1.68	67.3
Average realized price (C$ per Mcf) *(Note 2)*	**2.92**	1.60	82.5
Average forward sales price (C$ per Mcf) *(Note 3)*	**3.00**	3.26	(8.0)
Average sales price (C$ per Mcf) *(Note 4)*	**2.98**	2.31	29.0
Crude oil			
Average market price (C$ per Bbl) *(Note 5)*	**62.32**	47.92	30.1
Average sales price (C$ per Bbl) *(Note 4)*	**57.57**	43.01	33.9
NGLs			
Average market price (C$ per Bbl) *(Note 6)*	**32.92**	19.17	71.7
Average sales price (C$ per Bbl) *(Note 4)*	**27.34**	15.70	74.1
Condensate			
Average market price (C$ per Bbl) *(Note 6)*	**67.06**	52.10	28.7
Average sales price (C$ per Bbl) *(Note 4)*	**59.58**	47.55	25.3

Notes:

(1) The average market price was the AECO same day spot price averaged over the period.

(2) The average realised price represents the average price of natural gas sales excluding the sales derived from forward sales.

(3) The average forward sales price was the price agreed in the forward sales agreements to sell the Company's natural gas at a specified price and volume.

(4) The average sales price was the weighted average price calculated by the Company.

(5) The average market price was the average Edmonton light, sweet crude oil settlement price over the period.

(6) The average market price was the average Alberta natural gas liquids price over the period.

Natural Gas

The Company's average sales price of natural gas consists of two parts, the weighted average of the average realized price and the average forward sales price of natural gas. The average realized price represents the average price of natural gas sales excluding the sales derived from forward sales.

For the six months ended June 30, 2017, and comparing to the same period of 2016, the market price of natural gas has recovered from C$1.68 per Mcf to C$2.81 per Mcf. The price recovery has helped the average realized price of natural gas to increase by 82.5% from C$1.60 per Mcf to C$2.92 per Mcf. This was then offset by the 8.0% decrease of average forward sales price during the same period. The aforementioned factors collectively led to a 29.0% increase of the average natural gas sales price from C$2.31 per Mcf to C$2.98 per Mcf for the six months ended June 30, 2017, compared to the same period of 2016.

Crude oil

The market price of crude oil increased from C$47.92 per Bbl for the six months ended June 30, 2016 to C$62.32 per Bbl for the same period in 2017, as a result, the Company's average sales price increased by 33.9% from C$43.01 per Bbl for the six months ended June 30, 2016 to C$57.57 per Bbl for the same period in 2017.

NGLs

The market price of NGLs increased from C$19.17 per Bbl for the six months ended June 30, 2016 to C$32.92 per Bbl for the same period in 2017, as a result, the Company's average sales price increased 74.1% from C$15.70 per Bbl for the six months ended June 30, 2016 to C$27.34 per Bbl for the same period in 2017.

Condensate

The market price of condensate increased from C$52.10 per Bbl for the six months ended June 30, 2016 to C$67.06 per Bbl for the same period in 2017, as a result, the Company's average sales price increased by 25.3% from C$47.55 per Bbl for the six months ended June 30, 2016 to C$59.58 per Bbl for the same period in 2017.

The Company sells its natural gas benchmarked to the AECO natural gas price, crude oil benchmarked to the Edmonton light, and its NGLs and condensate benchmarked to the average Alberta natural gas liquids prices. The Company also enters into forward sales agreements to sell its natural gas over a time period at a specified price and volume. Since the Company uses weighted average to calculate the average sales prices, the volatilities in price and volume sold in each day will cause the average sales price of crude oil, NGLs and condensate and the average realized price of natural gas to be either lower or higher than the average market price for the same periods in 2017 and 2016.

Revenue

The following table shows the breakdown of the Company's revenue before royalties by types of natural resources for the six months ended June 30, 2017 and 2016:

	Six months ended June 30,		
	2017	2016	Change
	C$'000	*C$'000*	*%*
Natural gas	**10,162**	7,061	43.9
Crude oil	**676**	368	83.7
NGLs and condensate	**1,332**	956	39.3
Total revenue	**12,170**	8,385	45.1

Sales of Natural Gas

The following table shows the sales volume and average sales price of the Company's natural gas for the six months ended June 30, 2017 and 2016:

	Six months ended June 30,		
	2017	2016	Change
			%
Sales volume (Mcf)	**3,409,868**	3,055,797	11.6
Average sales price (C$/Mcf)	**2.98**	2.31	29.0

The revenue derived from the Company's sales of natural gas was mainly subject to the average sales price and the sales volume of natural gas. The Company's average sales price of natural gas consisted of the weighted average of the realized price and the forward sales price of natural gas; and the sales volume of the Company's natural gas was dependent on the Company's production capacity influenced by its drilling plan and production wells in Alberta Foothills. Due to the improvement in market price, the average sales price increased, and the Company increased its production volume to take advantage of the improvement in the market price.

Sales of Crude Oil

The following table shows the sales volume and average sales price of the Company's crude oil for the six months ended June 30, 2017 and 2016:

	Six months ended June 30,		
	2017	2016	Change
			%
Sales volume (Bbl)	**11,739**	8,553	37.3
Average sales price (C$/Bbl)	**57.57**	43.01	33.9

The revenue derived from the Company's sales of crude oil was mainly subject to the average sales price and the sales volume of crude oil. The average sales price of the Company's crude oil was highly sensitive to Edmonton light, sweet crude oil price; and the sales volume of its crude oil was dependent on the Company's production capacity influenced by its drilling plan and production wells in Peace River. Due to the improvement in market price, the average sales price increased, and the Company resumed the production from two oil wells in Dawson area since August 2016 and increased its production volume in response to the improvement in the market price.

Sales of NGLs and Condensate

The following table shows the sales volume and average sales price of the Company's NGLs and condensate for the six months ended June 30, 2017 and 2016:

	Six months ended June 30,		
	2017	2016	Change
			%
Sales volume (Bbl)	**27,068**	24,644	9.8
Average sales price (C$/Bbl)	**49.22**	38.78	26.9

The revenue derived from the Company's sales of NGLs and condensate was mainly affected by the average sales price and sales volume of such products. Both the average sales price of the Company's NGLs and condensate were highly sensitive to the Alberta natural gas liquids commodity price and demand of petrochemical industry, and the sales volume of its NGLs and condensate was dependent on the Company's production capacity influenced by its drilling plan and production wells in the Alberta Foothills. Due to the improvement in market price, the average sales price increased, and as a by-product, the production volume increased as a result of the increase of natural gas production volume.

Royalties

For the six months ended June 30, 2017, the effective average royalty rate increased by 8.1% to 14.8% compared to 6.7% for the same period in 2016. The increase of the effective average royalty rate was primarily due to the expiry of a royalty holiday during April 2017 for a well drilled in 2013.

Operating Costs

For the six months ended June 30, 2017, the operating costs increased to C$3,273,498 compared to C$2,734,962 for the same period in 2016, which was mainly due to the increase in production volumes of natural gas, crude oil and NGLs and condensate.

General and Administrative Costs

For the six months ended June 30, 2017 and 2016, the general and administrative costs mainly consisted of staff costs, accounting, legal and consulting fees, office rental and others. Others mainly includes office supplies, insurance and travel and accommodation, etc..

For the six months ended June 30, 2017, the general and administrative costs increased by C$1,843,868 to C$3,123,289 compared to C$1,279,421 for the same period in 2016, which was mainly due to an increase in staff cost and accounting, legal and consulting fees.

Phantom Unit Plan for independent non-executive Directors

The Company has in place a Phantom Unit Plan for its independent non-executive Directors effective March 10, 2017. In order for the eligible directors to receive phantom units, they need to complete a participation form prior to the commencement of each fee period (i.e. twelve-month period commencing January 1 and ending on December 31). For 2016 and 2017, each eligible Director agreed in writing to receive 60% of their fees (i.e. the designated percentage) relating to future services as a director in the form of phantom units under the Phantom Unit Plan.

During the six months ended June 30, 2017, the Company recorded C$105,736 of Directors' compensation per the Phantom Unit Plan. As at June 30, 2017, the total accrued compensation for independent non-executive Directors per the Phantom Unit Plan was C$245,736.

Finance Expenses

For the six months ended June 30, 2017 and 2016, the finance expenses mainly consisted of interest expense on bank debt, foreign exchange gains and losses, financing costs, amortization of debt issuance costs and accretion expense. For the six months ended June 30, 2017, finance expenses increased by C$2,703,753 to C$4,359,019 compared to C$1,655,266 for the same period in 2016. The increase of finance expenses was mainly due to the increase of interest expense, foreign exchange losses and financing costs. For details, please refer to the paragraphs under "Bank Loan" and "Events after the Reporting Period" as contained in this announcement.

Depletion and Depreciation

For the six months ended June 30, 2017, the Company's depletion and depreciation expense increased by C$444,887 to C$3,501,167 compared to C$3,056,280 for the same period in 2016, which was mainly due to the increase in production volumes of natural gas in the Alberta Foothills. The increase in production led to the increase of depletion expenses by C$446,176 to C$3,498,201 compared to C$3,052,025 for the same period in 2016.

Transaction Costs

For the six months ended June 30, 2017, transaction costs increased by C$919,457 to C$3,003,350 compared to C$2,083,893 for the same period in 2016.

On March 10, 2017, the Company was successfully listed on the Stock Exchange and the Company issued 69,580,000 new shares at HK$3.16 per share (C$0.54 per share), raising gross proceeds of HK$220 million (approximately C$38 million). The costs associated with the issuance of new shares, including the deferred financing cost of C$1 million up to December 31, 2016, were approximately C$3 million and therefore the net amount to be recorded as share capital was approximately C$35 million. Further transactions costs incurred in fiscal 2017 totaling approximately C$3 million were expensed in fiscal 2017.

Realized Gain/(Loss) on Financial Derivative Instruments

The Company holds a number of financial instruments, the most significant of which are accounts receivable, accounts payable, cash and loans. The financial instruments are recorded at fair market values on the balance sheet.

The Company did not enter into any financial derivatives for the six months ended June 30, 2017 and 2016.

For the three months ended June 30, 2017, foreign exchange loss increased by C$46,493 to C$47,588 compared to C$1,095 for the same period in 2016. For the six months ended June 30, 2017, foreign exchange loss increased by C$327,642 to C$342,373 compared to C$14,731 for the same period in 2016. The loss is related to the revaluation of monetary items held in Hong Kong Dollars and the value changes with the fluctuation in the Hong Kong Dollars/Canadian Dollars exchange rates. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates for the monetary assets and liabilities denominated in the currencies other than the functional currencies to which they relate. The Company has not hedged its exposure to currency fluctuation and the Company currently does not have a foreign currency hedging policy. However, management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Net Loss

As a result of the above mentioned reasons, the net loss for the six months ended June 30, 2017 increased by C$3,545,883 to C$7,199,125 compared to C$3,653,242 for the same period in 2016.

Dividend

The Board did not approve the payment of an interim dividend for the six months ended June 30, 2017 (six months ended June 30, 2016: nil).

LIQUIDITY AND CAPITAL RESOURCES

Capital management

The Company's general policy is to maintain an appropriate capital base in order to manage its business in the most effective manner with the goal of increasing the value of its assets and thus its underlying share value. The Company's objectives when managing capital are to maintain financial flexibility in order to preserve its ability to meet financial obligations; to maintain a capital structure that allows the Company to favor the financing of its growth strategy using internally-generated cash flow and its debt capacity; and to optimize the use of its capital to provide an appropriate investment return to its shareholders.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying crude oil and natural gas assets. The Company considers its capital structure to include shareholders' equity, bank debt, and working capital. To assess capital and operating efficiency and financial strength, the Company continually monitors its net debt.

Capital Structure of the Company

The Company's capital structure is as follows:

	As at June 30, 2017 *C$'000*	As at December 31, 2016 *C$'000*
Bank loan[1]	**22,967**	35,622
Net working capital[2]	**(15,044)**	(5,122)
Net debt	**7,923**	30,500
Shareholders' equity	**79,131**	51,211
Total Capital	**87,054**	81,711
Net debt as a percentage of total capital (%)	**9.1%**	37.3%

Notes:

(1) This amount only includes the actual drawdown from the credit facility.

(2) Net working capital consists of current assets less current liabilities.

Bank Loan

As at June 30, 2017, the Company had a C$190 million credit facility in place comprised of a C$100 million revolving credit facility and a C$90 million term facility. All advances under the credit facility and term facility are required to be approved by the lender. Under the revolving credit facility, C$50 million is firmly committed. With respect to the term facility, it is comprised of Tranche A to a maximum of C$10 million which could be used for drilling, completion and acquisition of surface equipment; and Tranche B to a maximum of C$90 million for future development costs. The Tranche A term facility expired during the year ended December 31, 2016 and the Tranche B remains available, with any advances subject to the approval by the lender. No amounts were outstanding under the term facility as at June 30, 2017 and December 31, 2016. In addition, the Company maintains C$558,000 of letters of credit outstanding as at June 30, 2017 (December 31, 2016: C$558,000) for transportation service.

All amounts outstanding under the revolving credit facility bear interest at the Canadian Dealer Offered Rate ("**CDOR**" means the arithmetic average of the yields to maturity for bankers' acceptances quoted on the Reuter's Canadian Deposit Offered Rate) plus a margin of 5.5% per annum and the term facility bears interest at 7% fixed per annum. As at June 30, 2017, the applicable effective interest rate on the revolving credit facility was 6.5%. The facility is secured by a C$400 million debenture with a floating charge over all present and after-acquired real and personal property.

All principal amounts outstanding under the facility are due on maturity being October 20, 2018. The available level of credit is subject to a semi-annual review by the lender to be completed by March 1 and September 1 of any given year. The credit facility and the borrowing base may be adjusted by the lender for changes in reserves, commodity prices and other factors. A decrease in the borrowing base could result in a reduction of the credit facility. If the credit facility is reduced, the Company has 60 days to pay any shortfall irrespective of the maturity date of the credit facility.

The Company is required to meet certain financial based covenants under the terms of this facility. On June 30, 2017, the Company's actual financial based covenants under the terms of the credit facility were as follows:

1) Working capital ratio (the ratio of current assets to current liabilities) was 3.20 to 1 at June 30, 2017 (required ratio: greater than 1 to 1);

2) Debt coverage ratio (the ratio of total debt to net operating cash flow as defined below) was 0.51 to 1 at June 30, 2017 (required ratio: less than 3 to 1);

3) Interest coverage ratio (the ratio of net operating cash flow to interest expense for all debt of the Company) was 6.14 to 1 at June 30, 2017 (required ratio: greater than 4 to 1); and

4) Adjusted present value ratio (ratio of total adjusted present value (reserve based) as defined below to total debt) was 3.01 to 1 at June 30, 2017 (required ratio: greater than 1.7 to 1).

In addition, the Company cannot exceed a maximum of general and administrative expenses equal to 11% of net operating cash flow unless funded through advances of equity (the "**G&A cap**"). The Company has been funded through advances of equity which could cover the exceeded portion of general and administrative expenses above 11% of net operating cash flows.

As at June 30, 2017, the Company was in compliance with all covenants and terms under the facility. All terms included in the covenants and terms described above are as defined by the lender.

During the six months ended June 30, 2017, the Company entered into negotiations with its lender to early terminate its existing facility and enter into a new facility. An amending agreement to the existing credit agreement and a term sheet for an amended and restated credit facility with the lender were signed on August 24, 2017 and a financing fee totaling C$4.3 million is due on August 31, 2017 upon termination of the existing facility and entering into the new facility. Approximately C$2.8 million has been recorded during the six months ended June 30, 2017 representing the cumulative impact of the financing fee.

The new facility is subject to closing and will be to a maximum of C$100 million, which will mature 36 months from closing and will be subject to a semi-annual review of the borrowing base by the lender. The new facility carries interest of 4% plus one month CDOR calculated on a 365 day basis on drawn amounts and payable in cash on a monthly basis in arrears and a commitment fee equal to 1% per annum will be payable on all amounts committed but undrawn, payable quarterly in arrears. The initial available amount will be C$24 million. Approval is required from lender for any loan advance above C$24 million. The principal and all accrued and unpaid interest and fees are due on the maturity date or in accordance with the terms of the new facility.

The new facility will be subject to the following financial covenants: (a) maintenance at the end of each fiscal quarter a working capital ratio not less than 1.0:1.0; and (b) as measured at the end of each fiscal quarter, total debt to adjusted EBITDA not exceeding 3.0/1.0 though the fiscal quarter ending September 30, 2017 and 2.5/1.0 thereafter.

The new facility will be secured by fixed and floating first priority perfected security interests in the properties and all assets, tangible and intangible, owned by the Company and thereafter acquired by the Company, including, but not limited to, all real and personal property, goods, accounts, contract rights, assignable licenses, assignable permits, etc..

Shareholders' Equity

On April 29, 2016, Class A shares were re-designated as common shares, all Class B and Class C shares were converted into common shares on a 1:1 basis, and a share split of the issued and outstanding shares of the Company on an every one common share for two common shares basis. As a result, all share and per share data has been retrospectively presented to take into account the share split. As at December 31, 2016, there were 208,706,520 common shares outstanding. The Company successfully listed on the Stock Exchange on March 10, 2017 with the issuance of 69,580,000 new shares at a price of HK$3.16 per share, resulting in the gross proceeds of HK$220 million (approximately C$38 million). There were 278,286,520 common shares outstanding as at June 30, 2017 and as at the date of this announcement.

Liquidity

During the six months ended June 30, 2017, the Company's principal sources of liquidity and capital resources were generally cash flows from operating activities and financing activities. The Company's principal use of liquidity and capital resources was for the drilling of a new production well and purchase of undeveloped land. The following table shows the Company's cash flows during the six months ended June 30, 2017:

	Six months ended June 30,		
	2017	2016	**Change**
	C$'000	*C$'000*	*%*
Cash flows			
Net cash (used in)/generated from operating activities	**(214)**	640	**133.4**
Net cash (used in)/generated from investing activities	**(5,369)**	429	**(1,351.5)**
Net cash generated from/(used in) financing activities	**20,602**	(4,538)	**(554.0)**
Effect of exchange rate fluctuations on cash and cash equivalents	**(262)**	—	**100**
Net increase/(decrease) in cash and cash equivalents	**14,757**	(3,469)	**(525.4)**
Cash and cash equivalents at the beginning of the period	**3,966**	5,413	**(26.7)**
Cash and cash equivalents at the end of the period	**18,723**	1,944	**863.1**

Net Cash (Used in)/Generated from Operating Activities

The Company's cash flows (used in)/generated from operating activities primarily consisted of net earnings, the effect of changes in working capital such as accounts receivable, prepaid expense, account payable and accrued liabilities and adjustment for non-cash income and expenses.

Net cash used in operating activities for the six month period ended June 30, 2017 increased by C$854,067 to C$213,722 compared to cash generated of C$640,345 for the same period in 2016. Net cash generated from (used in) operating activities which includes movement in working capital of C$(167,848) for the six month period ended June 30, 2017 compared to movement of C$398,089 for the same period in 2016.

Net Cash (Used in)/Generated from Investing Activities

The cash outflows from investing activities during the six months ended June 30, 2017 were mainly attributable to the Company's short term investment (Guaranteed Investment Certificate), capital expenditures on PP&E and exploration and E&E assets.

For the six months ended June 30, 2017 net cash used in investing activities increased by C$5,797,626 to C$5,368,554 compared to C$429,072 cash generated from investing activities for the six month period in 2016. The increase was primarily due to the short term investment of C$3,333,500 and the increase of PP&E and E&E assets of C$2,035,054 related to the gas gathering and processing facilities and new drilled well for the six months ended June 30, 2017.

Net Cash Generated from/(Used in) Financing Activities

The Company's financing activities during the six months ended June 30, 2017 and 2016 mainly comprised of proceeds from share issuance, proceeds from bank loan, repurchase of shares and repayment of loans.

For the six months ended June 30, 2017 net cash generated from financing activities increased by C$25,139,787 to C$20,601,394 compared to C$4,538,393 cash used in financing activities for the six months ended June 30, 2016. The increase was primarily due to the net proceeds from issue of common shares of C$36,146,428, partially offset by increase of repayment to bank loan of C$(15,545,034).

Gearing ratio

Gearing ratio is defined as the ratio of total debt to total equity. As at June 30, 2017, the Company's total debt was C$22,966,657 and the total equity was C$79,130,758. The Company's gearing ratio was 29.0% as at June 30, 2017 and 61.8% as at December 31, 2016.

Use of net proceeds from listing

The net proceeds from listing, after deducting share issue cost of C$3.0 million and transaction costs of C$3.0 million, amounted to C$32.0 million. For the six months ended June 30, 2017, the Company has utilized these net proceeds as follows: C$2.0 million for the drilling of a new well as per the three year development plan, C$2.8 million for working capital and general corporate purposes. The Net IPO Proceeds were and will be used for the same purposes as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus of the Company dated February 28, 2017.

Capital Resources

The Company operates in a capital intensive industry. The Company's liquidity requirements arise principally from the need for financing the expansion, exploration and development activities and acquisition of land leases and petroleum and natural gas ("**PNG**") licenses. The Company's principal sources of funds have been proceeds from bank borrowings, equity financings, and cash generated from operations. The Company's liquidity primarily depends on its ability to generate cash flow from its operations and to obtain external financing to meet its debt obligations as they become due, as well as the Company's future operating and capital expenditure requirements.

As at June 30, 2017, the Company had bank borrowings of C$22.6 million and a working capital surplus of C$15.0 million. The Company's cash balance at June 30, 2017 was C$18.7 million.

Under the revolving credit facility, C$50.0 million is firm committed of which C$23.0 million was drawn with an unutilized portion of C$27.0 million at June 30, 2017. On March 10, 2017, the Company was successfully listed on the Stock Exchange and the Company issued 69,580,000 new shares at HK$3.16 per share (C$0.54 per share), raising gross proceeds of HK$220 million (approximately C$38 million). The costs associated with the issuance of new shares, including the deferred financing cost of C$1 million up to December 31, 2016, were approximately C$3 million and therefore the net amount to be recorded as share capital was approximately C$35 million. The Company plans to drill 3 wells in 2017 with an estimated capital expenditure of C$18 million. The management believes that its forecast cash flows are sufficient to cover the next twelve months of the Company's operations including its planned capital expenditures and current debt repayments.

Capital Expenditures

The Company's capital expenditures primarily consisted of the addition of exploration and evaluation assets and property, plant and equipment to increase the Company's operating efficiency execution capacity. During the six months ended June 30, 2017 and 2016, the Company's capital expenditures were principally funded by cash flows generated from the operations as well as its equity issuance.

Pledged Assets

As disclosed in this announcement, all assets are pledged in support of the banking arrangements and there are no other pledges.

Commitments

Commitments and contingencies exist under various agreements and operations in the normal course of the Company's business.

	Total	Less than 1 year	1–3 years	4–5 years	After 5 years
	C$'000	*C$'000*	*C$'000*	*C$'000*	*C$'000*
As at June 30, 2017					
Office premise lease	4,065	372	821	1,231	1,641
Lease of compressors	38	38	—	—	—
Transportation commitment	52,261	1,137	13,431	13,000	24,693
Total contractual obligations	56,364	1,547	14,252	14,231	26,334

Office premise lease:

— In October 2011, the Company entered into an office lease for a term from October 2011 to December 2017. The average cost of the lease is approximately C$46,875 per month. Office premise lease costs include an estimate of the Company's share of operating costs for its office premises for the duration of the lease term.

— In June 2017, the Company entered into an office lease for a term starting January 2018 to February 2025. The rent payable is as follow:

- January 1, 2018 to December 31, 2018, rent payable of C$17,098 per month
- January 1, 2019 to December 31, 2019, rent payable of C$34,197 per month
- January 1, 2020 to February 27, 2025, rent payable of C$51,295 per month

In addition, office premise lease costs will include an estimate of the Company's share of operating costs for its office premises for the duration of the lease term.

Lease of compressors:

— The Company entered into a lease agreement for a compressor and the lease term is from September 8, 2012 to September 7, 2017 requiring monthly lease payments of C$12,650.

Transportation Commitment

The Company entered into a take or pay firm service transportation agreement with committed transportation volumes as below:

Description	Volume (MMcf/d)	Effective date	Expiring date	Duration
Persta Existing FT-R with NGTL	8.00	2013-11-01	2021-10-31	8 years
Persta New FT-R with NGTL	102.00	2018-07-01	2026-06-30	8 years
Persta FT-R from ConocoPhillips — first agreement	7.24	2016-09-01	2018-08-31	1 year
Persta FT-R from ConocoPhillips — second agreement	3.40	2016-09-01	2018-04-30	8 months

The firm service transportation agreements have been commencing November 1, 2013 to June 30, 2026 (the firm service fee varies and is subject to review by the counter-party on an annual basis). The amounts presented above for the transportation service commitment fee is based on the management's best estimate.

As the average gas transportation demand is expected to be 32.4 MMcf/d and 38.9 MMcf/d in 2017 and 2018 respectively based on Proved plus Probable Reserves, and 45.4 MMcf/d in 2019 based on Proved plus Probable Reserves and Best Estimate Unrisked Contingent Resources under the Company's three-year development plan, the Company have been assigned FT-R service in NGTL for 18.6 MMcf/d and 65.0 MMcf/d on average for 2017 and 2018 respectively and 110.0 MMcf/d for 2019. Based on the management's best estimate, the transportation service commitment fee in respect of the excess assigned FT-R service in NGTL amounts to nil, C$1.5 million and C$3.7 million for 2017, 2018 and 2019, respectively. Based on its experience that the Company has been able to arrange for transfers of FT-R service available from other producers to accommodate its production schedule, the Company is of the view that if it does not have sufficient production to fill up the assigned transportation capacity, the Company will be able to transfer these excess capacities to other third-party producers in the NGTL system.

The Company also entered into the following fixed price physical commodity contracts to forward sell natural gas during the six months ended June 30, 2017:

Commodity	**Term**	**Quantity**	**Price**
Natural gas	January 1, 2017 to December 31, 2017	1,000 GJ/day	$2.80 per GJ
Natural gas	January 1, 2017 to December 31, 2017	1,000 GJ/day	$2.82 per GJ
Natural gas	January 1, 2017 to December 31, 2017	1,000 GJ/day	$2.63 per GJ
Natural gas	January 1, 2017 to December 31, 2017	1,000 GJ/day	$2.54 per GJ
Natural gas	January 1, 2017 to December 31, 2017	4,400 GJ/day	$2.51 per GJ
Natural gas	January 1, 2017 to December 31, 2017	1,000 GJ/day	$3.00 per GJ
Natural gas	January 1, 2017 to December 31, 2017	2,000 GJ/day	$2.97 per GJ
Natural gas	January 1, 2017 to December 31, 2017	1,000 GJ/day	$3.03 per GJ
Natural gas	January 1, 2017 to December 31, 2017	2,000 GJ/day	$2.94 per GJ
Natural gas	January 1, 2017 to December 31, 2017	1,000 GJ/day	$3.10 per GJ
Natural gas	January 1, 2018 to December 31, 2018	1,000 GJ/day	$2.79 per GJ
Natural gas	January 1, 2018 to December 31, 2018	1,000 GJ/day	$2.66 per GJ
Natural gas	January 1, 2018 to December 31, 2018	6,400 GJ/day	$2.64 per GJ

Contingent Liabilities

As at June 30, 2017, the Company had no material contingent liabilities.

Future Plans for Material Investments and Capital Assets

Save as disclosed in this results announcement, the Company did not have other plans for material investments or capital assets as of the date of this results announcement.

The following table shows the Company's capital expenditures during the six months ended June 30, 2017 and 2016:

	Six months ended June 30,	
	2017	2016
	C$'000	*C$'000*
PPE		
Well site	**282**	—
Facilities and pipeline	**1,143**	—
Office	**—**	13
Sub-total	**1,425**	13
E&E Assets		
Undeveloped lands	**190**	120
General and administrative costs capitalized	**331**	222
Unevaluated drilling and completion costs	**3,858**	64
Sub-total	**4,379**	406
Change in non-cash working capital:	**(3,769)**	252
Total	**2,035**	671

For the six months ended June 30, 2017, the total capital expenditures (including change in non-cash working capital) increased by C$1,364,125 to C$2,035,054 compared to C$670,929 for the same period of 2016.

For the six months ended June 30, 2017, the capital expenditures (including change in non-cash working capital) on PPE were mainly attributed to (i) well facility and pipeline cost of C$1,142,730; and (ii) workover costs of C$281,574 on the well site in Foothill area, and an increase in E&E assets due to (i) purchase of land for C$190,414 in Alberta Foothills and Dawson; (ii) capitalized G&A costs of C$330,580; and (iii) an increase in unevaluated drilling and completion costs of C$3,857,942 on the new well drilled in the Alberta Foothills.

For the six months ended June 30, 2016, the capital expenditure on PPE were mainly attributed to office costs of C$12,791, and an increase in E&E assets due to (i) purchase of land for C$120,384 in the Alberta Foothills; (ii) capitalized G&A costs of C$222,228; and (iii) an increase in unevaluated drilling and completion costs of C$63,826 resulting from well site construction in the Alberta Foothills.

Significant Investments, Acquisitions and Disposals of Subsidiaries

Save as disclosed in this results announcement, the Company has neither any other significant investments nor significant acquisitions and disposals of the relevant subsidiaries during the first half of 2017.

Human Resources

The Company had 10 employees as of June 30, 2017 and December 31, 2016. The employees of the Company are employed under employment contracts which set out, among other things, their job scope and remuneration. Further details of their employment terms are set out in the employee handbook of the Company. The Company determines the employees' salaries based on their job nature, scope of duty, and individual performance. The Company also provides reimbursements, allowances for site visits and a discretionary annual bonus for the employees. For details, please refer to note 7 to the unaudited interim financial information as contained in this results announcement.

Future Prospects

The Company's Proved, Probable and Possible Reserves, Contingent Resources and Prospective Resources are located within Basing, Voyager and Kaydee in the Alberta Foothills and within Dawson in Peace River, encompassing approximately 54,400 net acres of land and estimated by GLJ to hold approximately 77 drilling locations.

The Company acquired PNG Licenses for Basing, Voyager and Kaydee in the Alberta Foothills and for Dawson in Peace River between 2006 and 2017. The Company plans to initially develop its natural gas assets in Basing as part of its three-year development plan in addition to constructing certain facilities to support future increases in production and to lower production costs in the long run.

The Company also intends to explore and develop its Resources in Voyager and Kaydee in the Alberta Foothills and Dawson in Peace River into Reserves and also the undeveloped lands in Stolberg, Columbia and Deep Basin Devonian in the future.

According to the three-year development plan, the Company intends to focus on drilling a total of 13 well locations in Basing in the Alberta Foothills with an expected capital expenditure of C$6 million per well as estimated by GLJ. These 13 drilling locations represent 100% of the Proved plus Probable Reserves and Best Estimate Contingent Resources as estimated by GLJ.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value and accountability. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") to ensure that the Company's business activities and decision making processes are regulated in a proper and prudent manner.

Mr. Le Bo is the chairman of the Board and chief executive officer of the Company. Although this deviates from the practice under code provision A.2.1 of the CG Code, where it provides that the two positions should be held by two different individuals, as Mr. Bo has considerable experience in the enterprise operation and management of the Company, the Board believes that it is in the best interests of the Company and its shareholders as a whole to continue to have Mr. Bo as chairman of the Board so that it can benefit from his experience and capability in leading the Board in the long-term development of the Company. From a corporate governance point of view, the decisions of the Board are made collectively by way of voting and therefore the chairman should not be able to monopolize the decision-making of the Board. The Board considers that the balance of power between the Board and the management can still be maintained under the current structure. The Board shall review the structure from time to time to ensure appropriate action be taken should the need arise.

Save as disclosed above, for the six months ended June 30, 2017 (the "**Reporting Period**"), the Company has complied with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct regarding dealings in the securities of the Company by the Directors and the Company's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company's securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Company during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The shares of the Company were first listed on the Main Board of the Stock Exchange on the Listing Date. The Company has not purchased, redeemed or sold any of its listed securities during the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

There was no significant event after the Reporting Period up to the date of this announcement other than as disclosed in the Bank Loan section.

REVIEW OF THE INTERIM RESULTS

The Company established an audit and risk committee of the Company (the "**Audit and Risk Committee**") with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Bryan Daniel Pinney (Chairman), Mr. Richard Dale Orman and Mr. Peter David Robertson.

The Audit and Risk Committee has reviewed the Company's interim results for the six months ended June 30, 2017 and has also discussed with management the internal control, the accounting principles and practices adopted by the Company. The Audit and Risk Committee is of the opinion that the interim results have been prepared in accordance with the applicable accounting standards, laws and regulations and the Listing Rules and that adequate disclosures have been made.

PUBLICATION OF INFORMATION

This interim results announcement is published on the websites of the Stock Exchange *(www.hkexnews.hk)* and the Company *(www.persta.ca)*.

This announcement is prepared in both English and Chinese and in the event of inconsistency, the English text of this announcement shall prevail over the Chinese text.

By order of the Board
Persta Resources Inc.
Le Bo
Chairman

Hong Kong, August 30, 2017

As at the date of this announcement, the executive Director is Mr. Le Bo; the non-executive Director is Mr. Yuan Jing; and the independent non-executive Directors are Mr. Richard Dale Orman, Mr. Bryan Daniel Pinney and Mr. Peter David Robertson.